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Security Council Committee established pursuant to resolution 1718 (2006)

Letter dated 21 February 2018 from the Permanent Representative of Latvia to the United Nations addressed to the Chair of the Committee

I have the honour to submit to you, in your capacity as Chair of the Security Council Committee established pursuant to resolution 1718 (2006), the report of Latvia on the implementation of Security Council resolution 2397 (2017), in accordance with paragraph 17 of that resolution (see annex).

(*Signed*) Jānis **Mažeiks**
Ambassador
Permanent Representative

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Annex to the letter dated 21 February 2018 from the Permanent Representative of Latvia to the United Nations addressed to the Chair of the Committee

Report of Latvia on the implementation of Security Council resolution 2397 (2017)

Latvia and the other States members of the European Union have jointly implemented the restrictive measures against the Democratic People's Republic of Korea imposed by the Security Council in its resolution 2397 (2017), by taking the following common measures:[1]

(a) Council Implementing Decision (CFSP) 2018/16 of 8 January 2018 implementing Decision (CFSP) 2016/849 concerning restrictive measures against the Democratic People's Republic of Korea;

(b) Council Implementing Regulation (EU) 2018/12 of 8 January 2018 implementing Regulation (EU) 2017/1509 concerning restrictive measures against the Democratic People's Republic of Korea.

Those common measures add 16 individuals and 1 entity to the existing list of nationals and entities of the Democratic People's Republic of Korea subject to sanctions. Persons so sanctioned comprise mainly bank officials and representatives or high-level political figures. In addition, the Ministry of the People's Armed Forces has been added to the sanctions list. The previously imposed travel ban and asset freeze apply to the newly added individuals and entity.

The newly added individuals are as follows:

(a) Ch'oe So'k Min;
(b) Chu Hyo'k;
(c) Kim Jong Sik;
(d) Kim Kyong Il;
(e) Kim Tong Chol;
(f) Ko Chol Man;
(g) Ku Ja Hyong;
(h) Mun Kyong Hwan;
(i) Pae Won Uk;
(j) Pak Bong Nam;
(k) Pak Mun Il;
(l) Ri Chun Hwan;
(m) Ri Chun Song;
(n) Ri Pyong Chul;
(o) Ri Song Hyok;
(p) Ri U'n So'ng.

The newly added entity is the Ministry of the People's Armed Forces.

At the national level, the following documents provide the legal basis for implementation of the sanctions:

(a) Law on International Sanctions and National Sanctions of the Republic of Latvia of 4 February 2016;

(b) Cabinet of Ministers Regulation No. 468 of 15 July 2016: Procedures for the Execution of International and National Sanctions.

[1] All common measures are published in the *Official Journal of the European Union*.

With regard to the violations of sanction regimes, Regulation (EC) No. 329/2007 requires member States to determine the penalties applicable to infringements of their provisions. The penalties determined by Latvia are set out in the Criminal Law of the Republic of Latvia of 17 June 1998. Article 84 of the Criminal Law provides for punishment for violations of sanction regimes established by international organizations. Specifically, for intentional violations of laws and regulations governing the sanctions imposed by the United Nations, the European Union and other international organizations, the applicable punishment is deprivation of liberty for a period of up to four years, temporary deprivation of liberty, community service or a fine. Furthermore, for the same acts, if committed by a group of persons according to a prior agreement or by a public official, the applicable punishment is deprivation of liberty for a period of up to eight years.

With regard to the arms embargo, Latvia has enacted the following national legislation requiring an export authorization for the sale, supply, transfer or export of arms and related materiel to third countries and requiring an authorization for the provision of brokering services and other services related to military activities, which, together with Decision (CFSP) 2016/849, provides the basis for enforcement of the arms embargo against the Democratic People's Republic of Korea and the ban on related brokering services:

(a) Law on the Circulation of Goods of Strategic Significance of 21 June 2007;

(b) Cabinet of Ministers Regulation No. 657 of 20 July 2010: Procedures for Issuing or Refusal to Issue a Licence for Goods of Strategic Significance and Other Documents Related to the Circulation of Goods of Strategic Significance;

(c) Cabinet of Ministers Regulation No. 645 of 25 September 2007: Regulation on the National List of Goods and Services of Strategic Significance;

(d) Cabinet of Ministers Regulation No. 331 of 8 May 2012: Procedures for the Issuance of a Special Permit (Licence) for Commercial Activities with the Goods Referred to in the Common Military List of the European Union.

In accordance with the Law on the Circulation of Goods of Strategic Significance, the Committee for the Control of Goods of Strategic Significance was established as the national institution of Latvia for the control of the circulation of such goods. The Committee is empowered to revoke the previously issued licences and thereafter to deny licences or international import certificates for the circulation of goods of strategic significance.

With regard to the financial restrictions, on 17 July 2008 Latvia adopted the Law on the Prevention of Money Laundering and Terrorism Financing, which established the Control Service, a State authority that exercises control over unusual and suspicious financial transactions and acquires, analyses and provides information for pretrial investigative institutions, the prosecutor's office and the courts. In addition, in accordance with the Law on International Sanctions and National Sanctions of the Republic of Latvia of 4 February 2016, the Financial and Capital Market Commission supervises the implementation of restrictions provided for in international or national sanctions regimes in relation to participants in the financial and capital markets, including Latvian banks, credit unions, insurance companies and insurance brokerage companies, participants in the financial instruments market, as well as private pension funds, payment institutions and electronic money institutions. The Commission is entitled to take the decisions necessary for the execution of sanctions, including decisions that are binding on the participants in the financial and capital markets with respect to freezes of financial resources. The Commission recently identified three Latvian banks that had not complied with the provisions of the regulatory framework

on money-laundering and terrorism financing. The Commission performed targeted inspections and carried out planned on-site inspections, and concluded that on several occasions several customers of those banks, making use of offshore companies and complicated chain transactions, had transferred funds from their bank accounts to circumvent international sanctions requirements imposed against the Democratic People's Republic of Korea. Consequently, monetary fines were levied on the banks and an agreement was reached to improve the banks' internal control systems with regard to countering money-laundering and the financing of terrorism and to strengthen their effectiveness through enhancements of information technology solutions and ensuring external testing.

With regard to restrictions on providing public financial support for trade with the Democratic People's Republic of Korea that could contribute to that country's programmes on weapons of mass destruction, the issuance of export credit guarantees in Latvia is regulated by Cabinet of Ministers Regulation No. 866 of 20 December 2016, the Short-term Export Credit Guarantees Regulation, and administered by Altum, a State-owned development finance institution that offers State aid to various target groups with the help of financial tools, such as credit guarantees. Altum is duly informed of the restrictive measures in force and takes the respective provisions, including those concerning the Democratic People's Republic of Korea, into account when decisions regarding financial support for trade are taken.

With regard to the restrictions on admission (visa ban), Latvia has enacted the following national legislation, which, together with Decision (CFSP) 2016/849 and Regulation (EC) No. 539/2001, provides the basis for the refusal of admission and the denial of visa requests:

(a) Immigration Law of 31 October 2002;

(b) Cabinet of Ministers Regulation No. 122 of 5 March 2013: Regulations Regarding the Register of Returned Foreigners and Entry Bans;

(c) Cabinet of Ministers Regulation No. 676 of 30 August 2011: Visa Regulations.